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Report Highlights:

Indo-US Agriculture Knowledge Initiative to push trade, *Andhra Pradesh to claim against Monsanto over Bt cotton royalties*, *India to push for removal of non-tariff barriers*,

Cabinet clears implementation of South Asia Free Trade Agreement.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
New Delhi [IN1]
[IN]

Welcome to Hot Bites from India, a weekly summary of issues of interest to the U.S. agricultural community. The report includes information that has been garnered during travel within India, reported in the local media, or offered by host country officials and agricultural analysts. Press articles are included in this report. Significant issues will be expanded upon in subsequent reports from this office.

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INDO-US AGRICULTURE KNOWLEDGE INITIATIVE TO PUSH TRADE

The U.S. government and industry seem to be using the Indo-US Knowledge Initiative on Agriculture (KIA) to push trade issues. The Indian team, which just returned back from the first KIA Board meeting in the United States, found that two "strategically chosen" US private industry representatives (Wal-Mart and Monsanto) were interested only in trade issues. The Indian Council of Agricultural Research chief Dr. Mangla Rai, who led the Indian team, says that while the United States may be looking at forging alliances for future market openings, the KIA is primarily a "knowledge initiative." The two sides will focus initially on four areas: education, learning resources, curriculum development and training; food processing and use of byproducts and bio-fuels; biotechnology; and water management. (Source: Times of India, 12/28/05)

ANDHRA PRADESH PLANS TO CLAIM AGAINST MONSANTO OVER BT COTTON ROYALTY

Following complaints from farmers' and people's representatives, the state government of Andhra Pradesh plans to ask the Monopolies and Restrictive Trade Practices Commission (MRTPC) to move against Monsanto regarding their "exorbitant" technology fees. Seed companies that collect the so-called "technology fees" from the farmers were also made respondents in the case to be filed before the MRTPC on January 2, 2006. Over the past three years, Andhra Pradesh farmers have purchased Bt cotton seeds worth \$28.6 million, of which \$17.2 million reportedly went to Monsanto as royalties. The Andhra Pradesh Agriculture Minister indicated that some other states may also join his government in this case. (Source: Business Line, 12/29/05)

INDIA TO PUSH FOR REMOVAL OF NON-TARIFF BARRIERS

Commerce and Industry Minister Kamal Nath, during his interactions with editors and economists to discuss the Hong Kong WTO ministerial meeting, said that India would push for the abolition of non-tariff barriers imposed by developed countries on imports of both agricultural and industrial goods. He would also like to end the "misuse" of anti-dumping provisions in the ongoing negotiations of the Doha round. Speaking at another seminar on "Trade, Globalization and WTO: Hong Kong and Beyond," organized by the Federation of Indian Chambers of Commerce and Industry, Mr. Nath said that the outcomes of Hong Kong would ensure India's concerns in agriculture and industrial goods will be addressed. He further stated that the Special Products and Special Safeguard Mechanism secured in Hong Kong would fully protect the interests of the country's farmers. (Source: Business Standard, 12/27/05; Business Line, 12/24/05)

CABINET CLEARS IMPLEMENTATION OF SOUTH ASIA FREE TRADE AGREEMENT

The Indian Cabinet on December 29 okayed the implementation of the South Asia Free Trade Agreement (SAFTA), with effect from January 1, 2006. The basic objective of SAFTA is to reduce existing tariffs in order to boost trade among member countries of the South Asian

Association for Regional Cooperation (SAARC), which include Bangladesh, Sri Lanka, Nepal, Pakistan, Bhutan, Maldives, and India. However, agricultural tariff lines have been kept in India's Sensitive List (Negative List) under SAFTA, which means that SAFTA's Trade Liberalization Program would not apply to them. India's total trade with SAARC countries was \$5.2 billion in Indian Fiscal Year 2004/05 (Apr-Mar). (Source: Press Information Bureau, Government of India, 12/29/05)

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